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June 30, 2011

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Filed Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**RE: WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, GN Docket No. 09-51 and
CC Docket Nos. 01-92 and 96-45**

Dear Ms. Dortch:

On June 29, 2011, Dana Baker of GVNW Consulting, Inc.; Paul Kelly of Cordova Telephone Cooperative, Inc.; Mark Feest of CC Communications, Brad Veis of 3 Rivers Communications; Bruce Todd of Strata Networks; and Derrick Owens and Gerry Duffy representing the Western Telecommunications Alliance (of which Messrs. Baker, Kelly, Feest, Veis and Todd are Directors) met with Carol Matthey, Patrick Holley, Katie King, Kevin King, Gary Seigel, Alex Minard and Steve Rosenberg of the Wireline Competition Bureau, to discuss the Commission's pending universal service and intercarrier compensation rulemaking in the referenced dockets.

Mr. Baker presented the attached financial impact analyses that his consulting firm has prepared for five Texas rural telephone clients. This analysis shows the adverse impact of corporate operations expense limitations and \$3,000-per-line support caps under certain circumstances and assumptions. Mr. Baker also described the factors that cause certain maintenance and security operating expenses to be unusually high along the United States-Mexico border, and discussed some of the economic development and community activities that are included in the corporate operations expenses of his clients.

Mr. Kelly discussed the unique circumstances and very high construction, maintenance, transportation and other costs of serving rural Alaska. Any significant reduction of the universal service and access revenue streams upon which Alaskan rural carriers rely (in Cordova Telephone's case, for approximately 85 percent of its revenues) not only would halt future deployment of broadband services, but also would threaten defaults on existing loans and impair the viability of existing operations.

Mr. Feest described how his company has deployed fiber-to-the-home ("FTTH") facilities in both new housing developments and in areas where existing copper facilities were deteriorating. He reported his company's experience that FTTH was less expensive to deploy, operate and maintain not only in greenfield situations but

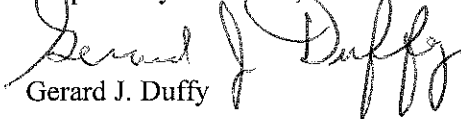
Marlene H. Dortch, Secretary
June 30, 2011
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also in older neighborhoods where aging copper lines were requiring more and more maintenance. In fact, Mr. Feest noted that his company has found it very efficient and effective to target high maintenance areas for FTTH upgrades, and that such upgrades have substantially reduced maintenance calls and costs. Mr. Feest also noted that the capping or reduction of support for corporate operations expenses would require broadband rate increases at a time when his company was trying to increase adoption rates, particularly among local families that need high-speed Internet access to online classes at a time when Nevada state budget problems are causing the closure of satellite college campuses and forcing more and more state college courses to be provided online rather than in classrooms.

Mr. Veis discussed his company's efforts to deploy broadband, particularly to families with children that need Internet access at home as well as at school. He also described the importance of his company's facilities in furnishing backhaul services to wireless carriers, and in providing service on the Blackfoot Reservation located in its Montana service territory.

Pursuant to Section 1.1206(b) of the Commission's Rules, this submission is being filed for inclusion in the public record of the referenced proceedings.

Respectfully submitted,


Gerard J. Duffy

cc: Carol Matthey
Patrick Holley
Katie King
Kevin King
Gary Seigel
Alex Minard
Steve Rosenberg

Attachment

Valley Telephone Cooperative, Inc.
USF NPRM - PRELIMINARY IMPACT SUMMARY

Information on this page is based on 12/31/09
 Actual Costs

prepared: 6/15/11

This analysis addresses the impacts of some of the items in the USF NPRM that was released Feb 8, 2011.

- 1) Removal of all Corporate Expenses in USF Calculations (Col. A) and Current HCL Corp Cap on LSS & ICLS (Cols. B & C)
- 2) Currently in the High Cost Loop Calculation you recover 65% of your costs that are between 115%-150% of the National Average cost per loop (nacpl) and 75% of your costs above 150% of the nacpl. The NPRM proposes to change the 65% to 55% and the 75% to 65%. This adjustment has been applied to columns A,B & C below.
- 3) Rate of Return Adjustment (11.25% in Col. A, 10% in Col. B and 8.5% in Col.C).
- 4) Limit total USF to \$3000 per line

Current Rules

Annual

Total 12/31/09 HCL Support	at 11.25% ror	\$5,829,469
Total 12/31/09 LSS	at 11.25% ror	\$389,330
Total 12/31/09 CCL Rev Req	at 11.25% ror	\$3,558,865
Total USF Support at 12/31/09		\$9,777,664
Total Loops at 12/31/09		5,935
Total support \$ per line		\$1,647

NPRM Proposal IMPACTS

	Column A	Column B	Column c
Rate of Return Used for HCL, LSS & ICLS	11.25% RoR	10% RoR	8.5% RoR
Corporate Expense Rule Used on HCL	All Corporate Exp Removed	Today's Cap	Today's Cap
Corporate Expense Rule Used on LSS	All Corporate Exp Removed	Today's HCL Cap	Today's HCL Cap
Corporate Expense Rule Used on ICLS	All Corporate Exp Removed	Today's HCL Cap	Today's HCL Cap
For HCL - Algorithm % change applied (75% to 65% and 65% to 55%)	Yes	Yes	Yes
Projected 12/31/09 HCL Support	\$4,715,147	\$4,787,015	\$4,485,759
Projected 12/31/09 LSS	\$330,513	\$350,170	\$342,921
Projected 12/31/09 CCL Rev Req	\$2,978,122	\$3,136,071	\$3,014,909
Total USF Support at 12/31/09 - with NPRM Changes	\$8,023,782	\$8,273,256	\$7,843,589
Total support \$ per line - with potential NPRM Changes	\$1,352	\$1,394	\$1,322
Total Decrease in			
HCL USF	(\$1,114,322)	(\$1,042,454)	(\$1,343,710)
LSS	(\$58,817)	(\$39,160)	(\$46,409)
ICLS	(\$580,743)	(\$422,794)	(\$543,956)
Total Decrease in Support	(\$1,753,882)	(\$1,504,408)	(\$1,934,075)
Per Loop Annual Decrease	(\$296)	(\$253)	(\$326)
Per Loop Monthly Decrease	(\$25)	(\$21)	(\$27)
Support Cap of \$3000 per line			
This will not impact Valley since their Support per loop is below \$3000	\$0	\$0	\$0

Year 2009 Net Operating Income (from 2010 Audit Report)

2,293,408

2,293,408

2,293,408

Impact of NPRM

(1,753,882)

(1,504,408)

(1,934,075)

Net Operating Income with NPRM Impact applied

539,526

789,000

359,333

2009 Long Term Debt Interest Expense

(700,464)

(700,464)

(700,464)

Operating Income after Interest Expense is Paid

(\$160,938)

\$88,536

(\$341,131)

**Dell Telephone Cooperative, Inc. - TEXAS + NEW MEXICO
USF NPRM - PRELIMINARY IMPACT SUMMARY**

prepared: 6/15/11

all on this page is based on 12/31/09
Actual Costs

This analysis addresses the impacts of 3 items in the USF NPRM that was released Feb 8, 2011.

- 1) Removal of all Corporate Expenses in USF Calculations (Col. A) and Current HCL Corp Cap on LSS & ICLS (Cols. B & C)
- 2) Currently in the High Cost Loop Calculation you recover 65% of your costs that are between 115%-150% of the National Average cost per loop (nacpl) and 75% of your costs above 150% of the nacpl. The NPRM proposes to change the 65% to 55% and the 75% to 65%. This adjustment applied to Cols. A,B & C.
- 3) Limit total USF to \$3000 per line
- 4) Rate of Return Adjustment (11.25% in Col. A, 10% in Col. B and 8.5% in Col.C)

at 11.25% ror

Current Rules

Annual

1	Total 12/31/09 HCL Support	\$4,020,479
2	Total 12/31/09 LSS	\$517,769
3	Total 12/31/09 CCL Rev Req	\$1,715,341
4	Total USF Support at 12/31/09	\$6,253,589
5	Total Loops at 12/31/09	1,320
6	Total support \$ per line	\$4,738

NPRM Proposal

7	Projected 12/31/09 HCL Support	
8	Projected 12/31/09 LSS	
9	Projected 12/31/09 CCL Rev Req	
10	Total USF Support at 12/31/09 - with NPRM Changes	
11	Total support \$ per line - with potential NPRM Changes	

Total Decrease in

following lines 12-17 do not include the
proposed \$3000 cap on support

12	HCL USF	(\$859,992)	(\$658,863)	(\$803,271)
13	LSS	(\$83,473)	(\$10,082)	(\$14,788)
14	ICLS	(\$213,768)	(\$68,909)	(\$126,061)
15	Total Decrease in Support	(\$1,157,233)	(\$737,854)	(\$944,120)
16	Per Loop Annual Decrease	(\$877)	(\$559)	(\$715)
17	Per Loop Monthly Decrease	(\$73)	(\$47)	(\$60)

Another item in NPRM is a cap on support at \$3,000 per line

18	Additional Decrease in Support w/\$3000 Cap	(\$1,682,823)	(\$1,906,771)	(\$1,731,589)
19	Total Decrease in Support Annually - per loop	(\$2,152)	(\$2,004)	(\$2,027)
20	Total Decrease in Support Monthly - per loop	(\$179)	(\$167)	(\$169)
21	Total Support loss with \$3000 cap	(\$2,840,056)	(2,644,625)	(2,675,709)

22	Year 2009 Net Operating Income (from 2010 Audit Report)	255,970	255,970	255,970
23	Impact of NPRM (w/o \$3000 per line cap)	(1,157,233)	(737,854)	(944,120)
24	Net Operating Income - BEFORE Interest Expense	(901,263)	(481,884)	(688,150)
25	2009 Debt Interest Expense	(1,237,565)	(1,237,565)	(1,237,565)
26	Oper Income (less interest exp) w/o \$3000 Cap	(\$2,138,828)	(\$1,719,449)	(\$1,925,715)

27	Oper Income (less interest exp) with \$3000 Cap	(\$3,821,651)	(\$3,626,220)	(\$3,657,304)
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Border to Border Communications, Inc.
USF NPRM - PRELIMINARY IMPACT SUMMARY

prepared: 6/15/11

all on this page is based on 12/31/09
 Actual Costs

This analysis addresses the impacts of some of the items in the USF NPRM that was released Feb 8, 2011.

- 1) Removal of all Corporate Expenses in USF Calculations (Col. A) and Current HCL Corp Cap on LSS & ICLS (Cols. B & C)
- 2) Currently in the High Cost Loop Calculation you recover 65% of your costs that are between 115%-150% of the National Average cost per loop (nacpl) and 75% of your costs above 150% of the nacpl. The NPRM proposes to change the 65% to 55% and the 75% to 65%. This adjustment has been applied to columns A,B & C below.
- 3) Limit total USF to \$3000 per line
- 4) Rate of Return Adjustment (11.25% in Col. A, 10% in Col. B and 8.5% in Col.C).

at 11.25% ror

Current Rules

1	Total 12/31/09 HCL Support	\$1,035,384
2	Total 12/31/09 LSS	\$59,700
3	Total 12/31/09 CCL Rev Req	\$445,904
4	Total USF Support at 12/31/09	\$1,540,988
5	Total Loops at 12/31/09	91
6	Total support \$ per line	\$16,934

Annual

NPRM Proposal

7	Projected 12/31/09 HCL Support	\$718,522
8	Projected 12/31/09 LSS	\$47,100
9	Projected 12/31/09 CCL Rev Req	\$372,016
10	Total USF Support at 12/31/09 - with NPRM Changes	\$1,137,638
11	Total support \$ per line - with potential NPRM Changes	\$12,502

Total Decrease in

following lines 12-17 do not include the proposed \$3000 cap on support

12	HCL USF	(\$316,862)	(\$168,993)	(\$205,911)
13	LSS	(\$12,600)	(\$2,168)	(\$4,769)
14	ICLS	(\$73,888)	(\$22,347)	(\$49,161)
15	Total Decrease in Support	(\$403,350)	(\$193,508)	(\$259,841)
16	Per Loop Annual Decrease	(\$4,432)	(\$2,126)	(\$2,855)
17	Per Loop Monthly Decrease	(\$369)	(\$177)	(\$238)

Another item in NPRM is a cap on support at \$3,000 per line

18	Additional Decrease in Support w/\$3000 Cap	(\$864,638)	(\$1,074,480)	(\$1,008,147)
19	Total Decrease in Support Annually - per loop	(\$13,934)	(\$13,934)	(\$13,934)
20	Total Decrease in Support Monthly - per loop	(\$1,161)	(\$1,161)	(\$1,161)
21	Total Support loss with \$3000 cap	(\$1,267,988)	(\$1,267,988)	(\$1,267,988)

Year 2009 Net Operating Income (from 2010 Audit Report)

22	Year 2009 Net Operating Income (from 2010 Audit Report)	670,242	670,242	670,242
23	Impact of NPRM (w/o \$3000 per line cap)	(403,350)	(193,508)	(259,841)
24	Net Operating Income - BEFORE Interest Expense	266,892	476,734	410,401
25	2009 Debt Interest Expense	(259,325)	(259,325)	(259,325)
26	Oper Income (less interest exp) w/o \$3000 Cap	\$7,567	\$217,409	\$151,076

27	Oper Income (less interest exp) with \$3000 Cap	(\$857,071)	(\$857,071)	(\$857,071)
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La Ward Telephone Exchange, Inc.
USF NPRM - PRELIMINARY IMPACT SUMMARY
 prepared: 6/15/11

all on this page is based on 12/31/09
 Actual Costs

This analysis addresses the impacts of some of the items in the USF NPRM that was released Feb 8, 2011.

- 1) Removal of all Corporate Expenses in USF Calculations (Col. A) and Current HCL Corp Cap on LSS & ICLS (Cols. B & C)
- 2) Currently in the High Cost Loop Calculation you recover 65% of your costs that are between 115%-150% of the National Average cost per loop (nacpl) and 75% of your costs above 150% of the nacpl. The NPRM proposes to change the 65% to 55% and the 75% to 65%. This adjustment has been applied to columns A,B & C below.
- 3) Limit total USF to \$3000 per line
- 4) Rate of Return Adjustment (11.25% in Col. A, 10% in Col. B and 8.5% in Col.C).

at 11.25% ror

Current Rules

1	Total 12/31/09 HCL Support	\$808,956
2	Total 12/31/09 LSS	\$140,423
3	Total 12/31/09 CCL Rev Req	\$506,874
4	Total USF Support at 12/31/09	\$1,456,253
5	Total Loops at 12/31/09	965
6	Total support \$ per line	\$1,509

NPRM Proposal

7	Projected 12/31/09 HCL Support	\$466,162
8	Projected 12/31/09 LSS	\$105,557
9	Projected 12/31/09 CCL Rev Req	\$378,365
10	Total USF Support at 12/31/09 - with NPRM Changes	\$950,084
11	Total support \$ per line - with potential NPRM Changes	\$985

Total Decrease in

following lines 12-17 do not include the
 proposed \$3000 cap on support

12	HCL USF	(\$342,794)	(\$133,395)	(\$161,859)
13	LSS	(\$34,866)	(\$3,003)	(\$6,606)
14	ICLS	(\$128,509)	(\$17,358)	(\$38,177)
15	Total Decrease in Support	(\$506,169)	(\$153,756)	(\$206,642)
16	Per Loop Annual Decrease	(\$525)	(\$159)	(\$214)
17	Per Loop Monthly Decrease	(\$44)	(\$13)	(\$18)

Another item in NPRM is a cap on support at \$3,000 per line

18	Additional Decrease in Support w/\$3000 Cap	\$0	\$0	\$0
19	Total Decrease in Support Annually - per loop	(\$525)	(\$159)	(\$214)
20	Total Decrease in Support Monthly - per loop	(\$44)	(\$13)	(\$18)
21	Total Support loss with \$3000 cap	(\$506,169)	(153,756)	(206,642)

22	Year 2009 Net Operating Income (from 2010 Audit Report)	572,585	572,585	572,585
23	Impact of NPRM (w/o \$3000 per line cap)	(506,169)	(153,756)	(206,642)
24	Net Operating Income - BEFORE Interest Expense	66,416	418,829	365,943
25	2009 Debt Interest Expense	(151,403)	(151,403)	(151,403)
26	Oper Income (less interest exp) w/o \$3000 Cap	(\$84,987)	\$267,426	\$214,540
27	Oper Income (less interest exp) with \$3000 Cap	(\$84,987)	\$267,426	\$214,540

Ganado Telephone Company, Inc.
USF NPRM - PRELIMINARY IMPACT SUMMARY
prepared: 6/15/11

all on this page is based on 12/31/09
Actual Costs

This analysis addresses the impacts of some of the items in the USF NPRM that was released Feb 8, 2011.

- 1) Removal of all Corporate Expenses in USF Calculations (Col. A) and Current HCL Corp Cap on LSS & ICLS (Cols. B & C)
- 2) Currently in the High Cost Loop Calculation you recover 65% of your costs that are between 115%-150% of the National Average cost per loop (nacpl) and 75% of your costs above 150% of the nacpl. The NPRM proposes to change the 65% to 55% and the 75% to 65%. This adjustment has been applied to columns A,B & C below.
- 3) Limit total USF to \$3000 per line
- 4) Rate of Return Adjustment (11.25% in Col. A, 10% in Col. B and 8.5% in Col.C).

Current Rules

at 11.25% ror

Annual

1	Total 12/31/09 HCL Support	\$1,679,183
2	Total 12/31/09 LSS	\$94,699
3	Total 12/31/09 CCL Rev Req	\$1,152,695
4	Total USF Support at 12/31/09	\$2,926,577
5	Total Loops at 12/31/09	2,697
6	Total support \$ per line	\$1,085

NPRM Proposal

7	Projected 12/31/09 HCL Support	\$1,075,098
8	Projected 12/31/09 LSS	\$66,303
9	Projected 12/31/09 CCL Rev Req	\$893,878
10	Total USF Support at 12/31/09 - with NPRM Changes	\$2,035,279
11	Total support \$ per line - with potential NPRM Changes	\$755

Total Decrease in

following lines 12-17 do not include the
 proposed \$3000 cap on support

12	HCL USF	(\$604,085)	(\$287,302)	(\$357,211)
13	LSS	(\$28,396)	(\$9,572)	(\$11,358)
14	ICLS	(\$258,817)	(\$111,812)	(\$153,566)
15	Total Decrease in Support	(\$891,298)	(\$408,686)	(\$522,135)
16	Per Loop Annual Decrease	(\$330)	(\$152)	(\$194)
17	Per Loop Monthly Decrease	(\$28)	(\$13)	(\$16)

Another item in NPRM is a cap on support at \$3,000 per line

18	Additional Decrease in Support w/\$3000 Cap	\$0	\$0	\$0
19	Total Decrease in Support Annually - per loop	(\$330)	(\$152)	(\$194)
20	Total Decrease in Support Monthly - per loop	(\$28)	(\$13)	(\$16)
21	Total Support loss with \$3000 cap	(\$891,298)	(408,686)	(522,135)

22	Year 2009 Net Operating Income (from 2010 Audit Report)	130,409	130,409	130,409
23	Impact of NPRM (w/o \$3000 per line cap)	(891,298)	(408,686)	(522,135)
24	Net Operating Income - BEFORE Interest Expense	(760,889)	(278,277)	(391,726)
25	2009 Debt Interest Expense	(486,477)	(486,477)	(486,477)
26	Oper Income (less interest exp) w/o \$3000 Cap	(\$1,247,366)	(\$764,754)	(\$878,203)
27	Oper Income (less interest exp) with \$3000 Cap	(\$1,247,366)	(\$764,754)	(\$878,203)